



125 East Court Street
Ithaca, NY 14850
607-274-5590
INFO: HinsConсор@tompkins-co.org
www.tompkins-co.org

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**Board of Directors
December 15, 2011
5:30 p.m.**

Approved 2-23-2012

Scott Heyman Conference Room

Municipal Representatives:

Don Barber, Chair, Town of Caroline; Carolyn Peterson, Steve Thayer, Svante Myrick, City of Ithaca; Anita Fitzpatrick, Tompkins County; Laura Shawley, Town of Danby; Judith Drake, Town of Ithaca; Herb Masser, Town of Enfield; Chuck Rankin, Village of Groton; Mary Ann Sumner, Town of Dryden; Lucia Tyler, Town of Ulysses; Rordan Hart, Village of Trumansburg; Elizabeth Karns, Village of Cayuga Heights

Voting Union Representatives:

Chantalise DeMarco, CSEA President, Joint Committee Chair; George Apgar II, Ithaca Professional Fire Fighters Association; President, 2nd Labor Representative

Absent: Glenn Morey, Town of Groton; Charles Becker, Village of Dryden

Others in attendance:

Steve Locey, Locey & Cahill; Sharon Dovi, TC3 Human Resources Manager, Scott Futia, CSEA Deputy Director; Chuck Guild, CSEA Region 5 Senior Benefits Specialist; J. Mareane, Tompkins County Administrator

Call to Order

The meeting was called to order at 5:30 p.m. by Mr. Barber.

Approval of Minutes – October 27, 2011

It was MOVED by Ms. Sumner, seconded by Mr. Hart, and unanimously adopted by voice vote to approve the minutes of October 27, 2011 as submitted. MINUTES APPROVED.

Financial Update

Mr. Locey distributed the Treasurer's report showing financial results through November. He reported the Consortium is within \$183,000 of breaking even. He reported the Consortium received its first prescription drug rebate credit this week in the amount of \$98,000. In response to a question by Ms. Sumner, he said the rebate payments that came in earlier in the year were from the County's program from 2010

and were credited back to the County. An additional \$300,000 is still expected in rebates for the Consortium for 2011. *Ms. Karns requested a breakdown showing what the rebates are being generated from.*

Mr. Locey said in reviewing the actual budget and year-to-date results the Consortium is 2.4% below anticipated revenue; this can likely be attributed to not gaining as many contracts as were anticipated. Medical claims are down from what was anticipated by 3.7% and prescription drug claims are slightly higher than expected. In reviewing bottom line numbers, expenses are 1.43% (\$315,000) below what was budgeted. At this time the Consortium has a net income of \$3.653 million. When the IBNR reserve is factored in (\$2.6 million) and the rate stabilization reserve (\$1.223 million), the Consortium shows total liabilities of just under \$3.84 million, this leaves a net deficit of \$183,000.

Mr. Locey noted there are a couple of positive things happening from an income perspective and if claims stay consistent the Consortium will be in good shape by the end of the year in terms of meeting expectations and satisfying reserve requirements with the NYS Insurance Department. Mr. Locey reviewed claims results; collectively the Consortium is \$126,000 below budget (1.63%) and is very close on the expected budget on a per contract per month basis.

Mr. Squires commented that when you look at the information on the drugs, they are billed on a bi-weekly basis and Excellus is billed weekly so there is more consistency on the indemnity side than on the drug side.

Mr. Barber said he serves on the NYMIR board and has told them about how the Consortium has been doing. He told them the Consortium is very lucky that claims have come so close to what was predicted and gave credit to Mr. Locey and Locey and Cahill for their knowledge and experience and for providing the Consortium with solid information.

Ms. DeMarco spoke of new legislation that was passed with regard to mail order requirements and asked if that could impact the Consortium. Mr. Locey did not believe this will supersede collective bargaining agreements and although there are incentives to use mail order, there are no requirements for members to use mail order.

Report from Nominating Committee

The Committee did not have a report. Ms. Shawley agreed to contact members and provide a recommendation at the next meeting.

2012 Meeting Schedule

The Board agreed to meet every other month at 5:30 p.m. Mr. Locey advised the Consortium not move to quarterly meetings as the Consortium is still very new.

RESOLUTION NO. 006-2011: DESIGNATION OF STOP LOSS INSURANCE POLICY

MOVED by Mr. Barber, seconded by Ms. Sumner.

Mr. Locey explained the Consortium needs to have coverage that includes both medical and prescription drug. The contract covers any service incurred in 2012 that has been paid from January 1 thru March 31, 2013. The deductible is \$275,000 for each individual case; after that the insurance will reimburse for every dollar spent above that up to a \$1 million cap per individual claim. The aggregate stop loss insurance covers the whole group and has a deductible of 125%.

Mr. Locey spoke of quotes that were submitted and evaluated and the reasons for recommending Highmark Life Insurance Company. He also noted there will be a significant savings in the premium cost. *Mr. Locey said he will provide information at the next meeting on how many and which cases have exceeded \$50,000.*

A voice vote resulted as follows: Ayes – 13, Noes – 0, Excused - 2.
RESOLUTION ADOPTED.

Whereas, the Consortium must select stop loss insurance, as required by Article 47 of New York State Insurance Law, on behalf of the Consortium, and

Whereas, the Consortium sought quotations for the purchase of stop-loss insurance from a number of qualified insurance carriers licensed to conduct business in the State of New York, now therefore be it

Resolved, upon the recommendation of the Plan Consultant, Locey & Cahill, LLC, the Greater Tompkins County Municipal Health Insurance Consortium selects Highmark Life Insurance Company as the Stop Loss Insurance Carrier for 2012. Said coverage includes a Specific Stop-Loss Insurance Policy for Medical and Prescription Drug Benefits with a Deductible of \$275,000 and a composite premium rate of \$14.28 per contract per month. In addition, the coverage includes Aggregate Stop-Loss Insurance with an Aggregate Corridor of 125% at annual cost of \$50,020.

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RESOLUTION NO. 007-2011: AUTHORIZATION TO EXECUTE AN AGREEMENT WITH MEDCO FOR THE PROVISIONS OF PHARMACY BENEFITS MANAGER

MOVED by Mr. Barber, seconded by Ms. Sumner. Mr. Locey explained additional time is needed to evaluate proposals that have been received. There has been communication with Medco about adopting their pricing offer from the RFP which is better than the current pricing, and Medco is willing to let the Consortium do that. He said negotiations are continuing in specific areas; however, this resolution will provide more time to continue those negotiations without experiencing any interruption in service.

A voice vote resulted as follows: Ayes – 13, Noes – 0, Excused - 2.
RESOLUTION ADOPTED.

Whereas, the Greater Tompkins County Municipal Health Insurance Consortium authorized Locey and Cahill to issue a Request for Proposals for Prescription Drug Manager on August 25, 2011, and

Whereas, six (6) responses were received and analyzed by the RFP Review Committee, and

Whereas, the Review Committee needs more time to weigh the following considerations of each respondent,

- Transparent Based Prescription Drug Pricing;
- Rebate Arrangements;
- Administrative Fees;
- Contract Terms and Conditions;
- Pharmacy Network Size and Location (Local and National);
- Customer Service Capabilities;
- References;
- Administrative Support/Reporting; and
- Compliance with State and Federal Laws and Regulations;

now therefore be it

Resolved, That the Board of Directors of the Greater Tompkins County Municipal Health Insurance Consortium hereby authorizes the Chair of the Consortium to execute a contract with Medco for the provision of pharmacy benefits manager for a period of time not to exceed one calendar year, effective January 1, 2012. Said contract must contain financial terms which are equal to or better than the existing contract in place with Medco.

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Report from Joint Committee on Plan Structure and Design

Ms. DeMarco reported the Committee met on December 8 but did not have a quorum. There was continued discussion of EAP and Flex programs and offering them through the Consortium and agreed by consensus to direct Mr. Locey to issue an RFP to get quotes on EAP and Flex program providers. The Committee continued discussion of a Medicare supplement; *Mr. Locey will be running a report on the possible impact a plan would have on the Consortium.* The Committee also discussed the RFP for Prescription Drug Manager. Mr. Locey brought forward a suggestion of the Consortium offering flu clinics.

Mr. Locey explained Cayuga County held a flu clinic this year as a wellness initiative. In cooperation with the Health Department, they offered a free two-day flu immunization clinic to any covered employee, spouse, or dependent. The cost for the vaccine was less than \$10 per dose and likely saved the plan an office visit and the cost of the vaccine if it had been provided at a physician's office. They administered 120 more doses than the previous year. He said this is the type of thing the Joint Committee on Plan Structure and Design can consider in the coming year.

Ms. DeMarco also reported the Committee set the meeting schedule for 2012 to continue to be the first Thursday of each month at noon.

Report from the Strategic Planning Committee

Mr. Barber reported when the Committee met last month Mr. Locey brought information from the Consortium and TST BOCES and said it was remarkable how close the data from both groups were. He said the Committee is working with Mr. Locey and healthcare providers on analyzing the data and looking at ways for medical care to have guidelines on the best and most effective practices to use. The Hospital and physicians have invited anyone on this Committee who is interested to join in a meeting on December 20th to see their software and what they are doing with the data.

Ms. Sumner said it would be interesting if data from Cornell could be shared; Mr. Locey said that has been discussed but noted the demographics would be different. Ms. DeMarco also noted that the Consortium has many members who are commuters.

Adjournment

On motion the meeting adjourned at 6:35 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk